

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

JOINT SELECT COMMITTEE ON JOBS AND INCOME

Call to Order: By **CHAIRMAN BOB DEPRATU**, on January 12, 1999 at 4:00 P.M., in Room 325 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Rep. Karl Ohs, Vice Chairman (R)
Sen. Lorents Grosfield (R)
Rep. Douglas Mood (R)
Rep. Bruce Simon (R)
Rep. Emily Swanson (D)
Sen. Mike Taylor (R)
Sen. Jon Tester (D)
Rep. Carley Tuss (D)
Sen. Mignon Waterman (D)

Members Excused: None.

Members Absent: None.

Staff Present: Gordon Higgins, Legislative Branch
Deb Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 169, SB 167, SB 168, SB 170, 4/5/1999
Executive Action: None

HEARING ON SB 169**Opening Statement by Sponsor: SEN. MIKE TAYLOR**

This is an act revising the laws governing small business investment companies to ensure their compliance with federal law and regulations.

{Tape : 1; Side : A; Approx. Time Counter : 0.2 - 5.4}

Proponents' Testimony:**DR. PETER BLOUKE, Dir. of Dept. of Commerce**

The Jobs and Income proposals affects many businesses. One of the gaps we found was access to venture capital funds. This bill will give more access to new entrepreneurs who are interested in starting new businesses. He was in support of the bill.

{Tape : 1; Side : A; Approx. Time Counter : 5.4 - 6.4}

JOHN MARKEY, Chairman of Glacier Venture

Commented about the SBIC program. This program emphasizes equity loans to businesses, such as the use of common stock or preferred stock which would provide the business with equity capital, so the company can continue to grow. This is probably the SBA'S most popular program today. It's one of the most successful programs for creating new businesses, jobs and payback to the Federal government. ***{Tape : 1; Side : A; Approx. Time Counter : 6.4 - 10.3}***

JO ELLEN MOSBAN/DOUG CROCHEE, Small Business Administration

The SBA supports this bill. The U.S. Small Business Administration is ready to award the license to SBIC for Glacier Venture Bond once the state law is in conformance with the federal law. Access to venture capital is one of the real missing items. Also, amend the bill to say SBIC instead of Certified Dev. Co. Also, in the bill, investor should be plural.

{Tape : 1; Side : A; Approx. Time Counter : 8.9 - 13.6}

EVAN BARRETT, Mt. Economic Development Assoc.

There is a great need for development of venture capital and this particular bill is evidence of that. Six years ago when the original bill allocating tax credits took place, and four years ago when the designation took place and we've been struggling for four years to jump all the hoops so this could take place. All the restrictions from the federal level made it difficult for the SBIC to come into existence. There is a real need for this development toward venture capital. The original bill is a very sound bill, a sound law that utilizes tax credits which no longer exist; the tax credits have been used up. Those tax credits were

used to leverage private investment. The private investments were then able to leverage federal monies, federal SBA monies to generate a larger pool of capital. There were technical reasons why Montana statutes prevented the licensing of this particular capital investment group.

{Tape : 1; Side : A; Approx. Time Counter : 13.6 - 17.0}

Questions from Committee Members and Responses:

Sen. Taylor said he agreed with the amendments regarding the Certified Development company and investors if the committee wanted to change it. He had another amendment that he wanted to present regarding line 3, about the small business as defined in rules. It was a small business pursuant to the regulations. Chairman DePratu suggested asking Gordon to draft those if the committee agreed.

{Tape : 1; Side : A; Approx. Time Counter : 17.0 - 19.3}

Closing by Sponsor: SEN. MIKE TAYLOR

As you heard, this is a bill that is needed by small businesses of Montana. It will create jobs and raise the level of income.

{Tape : 1; Side : A; Approx. Time Counter : 19.3 - 19.8}

HEARING ON SB 167

Opening Statement by Sponsor: SEN. JON TESTER

Described the bill as exempting from taxation qualifying low-income rental housing property; establishing criteria for qualification, including the requirement that the Board of Housing must have allocated low-income housing tax credits to the owner under federal law. ***{Tape : 1; Side : A; Approx. Time Counter : 19.8 - 21.3}***

Proponents' Testimony:

MAUREEN RUDE, Ex. Director of Economy Development at the Dept. of Commerce **EXHIBIT(joh08a01)**

She said the bill would provide some property tax exemptions for a non-profit organization to create additional, affordable low-income housing for Montanans.

{Tape : 1; Side : A; Approx. Time Counter : 21.3 - 24.7}

DR. PETER BLOUKE, Director of Dept. of Commerce

Dr. Blouke said this proposal would allow and enable new businesses to come into Montana to provide affordable housing for their employees in small rural communities. These towns do not have affordable housing available; so that with this bill, new businesses could draw workers to these small towns. This bill provides one more piece of the complex puzzle for increasing jobs

and income in Montana. **{Tape : 1; Side : A; Approx. Time Counter : 24.7 - 25.9}**

CARSON STREGEE, Mt. Housing Partnership, State Housing Trust Fund

He explained this was a coalition of housing developers working together to alleviate the un-affordable housing situation in Montana. Many houses in rural Montana have substandard kitchens and bathrooms. People are having to live in situations that are not habitable.

{Tape : 1; Side : A; Approx. Time Counter : 25.9 - 27.2}

BETTY WADDELL, Montana Assoc. of Churches EXHIBIT(joh08a02)

We believe that everyone in Montana has the right to the basic necessities of life. Referring to the pamphlet/exhibit--In 1997 in Montana, it was estimated that 32% of households were unable to afford monthly fair market rents of \$436 in a Montana city, \$461 in a suburb, and \$331 in a rural area. She described her personal background of being in financial straights and only having \$1,000 of personal assets. **{Tape : 1; Side : A; Approx. Time Counter : 27.2 - 30.1}**

MERL HARDLEAN, Mt. Senior Citizen Assoc.

He pointed out there was not enough affordable housing for low-wage earners in Montana. Because of such low wages in this state, he supports this legislation.

{Tape : 1; Side : A; Approx. Time Counter : 30.1 - 32}

GEORGE MARBLE, Concerned Citizen

Mr. Marble spoke in support of the legislation.

SUE SIMHOFF, Rocky Mt. Development Council

Stated that the Road Runner Restaurant was the third project that utilized low-income tax credits for \$89,000.

Questions from Committee Members and Responses:

{Tape : 1; Side : B; Approx. Time Counter : 33.2; Comments : The tape did not record so testimony is missing.}

Closing by Sponsor: SEN. MIKE TAYLOR closed.

HEARING ON SENATE BILL 168

Sponsor: Sen. Lorents Grosfield presented the bill. He said this was an attitude bill. The bill requires customer service training for State agencies. He noted we heard over and over a lot of discussion regarding the attitudes of regulating agencies.

This bill would ensure there is training for those that serve people.

Proponents: Maureen Rude, Board of Housing distributed a letter from Edward Mayer. **EXHIBIT (joh08a03)**

John McEwen, Administrator of the State Personnel Division, Department of Administration, testified in support of the bill. He pointed out that public employees played a critical role in economic development. It is important to have well trained employees in place when they are the principal contacts with the government. This will create a friendly business environment. He presented written testimony. **EXHIBIT (joh08a04)**

Peter Blouke, Director Department of Commerce, spoke in support of the bill. He noted the importance of shifting the attitude of regulators to enablers. He compared the change of attitude in the welfare area to assist people to get off of welfare.

Evan Barrett, representing the Economic Development Association, supported the legislation.

Opponents: None.

Questions from Committee Members and Responses: Rep. Simon asked what prevented this from happening in current law. Blouke replied nothing prevented it but this bill was about policy changes that would work to attract business.

Closing by Sponsor: Sen. Grosfield closed. He pointed out the next administration could undo this policy if it was not placed in statute.

HEARING ON SB 170

Opening Statement by Sponsor: SEN. MIKE TAYLOR

A bill revising the criteria and priorities for awarding funds; amending section 90-6-710, MCA, and providing an effective date and an applicability date. The major change in the bill is to allow these funds to be distributed every year instead of every biennium. That change will create more jobs throughout communities to develop active plans.

{Tape : 1; Side : B; Approx. Time Counter : 0.1 - 3.7}

Proponents' Testimony:

DR. PETER BLOUKE, Administrator of Dept. of Commerce

{Tape : 1; Side : B; Approx. Time Counter : 3.7 - 4.6}

DR. NEWEL ANDERSON, Dir. of the Overseas Program, Dept. of Commerce EXHIBIT(joh08a05)

Dr. Anderson said this bill would be an advantage to local governments that are having a hard time planning and establishing their financial packages.

{Tape : 1; Side : B; Approx. Time Counter : 4.6 - 9.2}

ALEC HANSEN, Mt. League of Cities and Towns

Spoke in support of the legislation. He noted the bill would get rid of delays.

{Tape : 1; Side : B; Approx. Time Counter : 9.2 - 10.5}

EVAN BARRETT, BLDC/MEDA

This amounts to grants to local government to build/re-build the infrastructure of Montana cities and towns. Infrastructure is a platform for growth. If you do not have the right infrastructure you cannot compete economically.

{Tape : 1; Side : B; Approx. Time Counter : 10.5 - 12.9}

BILL LEONARD, Works with small rural communities

He described major water and waste water project for communities. He has worked for 6 years to get the TSEP program going.

Water, waste, and waste disposal is what this is all about in small communities. He pointed out the committee should have some local participation. **{Tape : 1; Side : B; Approx. Time Counter : 12.9 - 15.7}**

TIM BURTON, Chief Administrative Officer for Lewis and Clark County

This bill makes changes of local criteria and helps representation of local government.

{Tape : 1; Side : B; Approx. Time Counter : 15.7 - 16.5}

DICK KING, Director of Bearpaw TGP Corp., Havre.

He has worked with the town of Geraldine and other small towns close to Havre, on getting their applications in on time. We do need this local government participation. Large communities as well as the small communities would then be treated equally by this bill, and would further encourage local participation.

{Tape : 1; Side : B; Approx. Time Counter : 16.5 - 19.8}

Questions from Committee Members and Responses:

{Tape : 1; Side : B; Approx. Time Counter : 19.8 - 31.5}

Closing by Sponsor: SEN. MIKE TAYLOR

Wants to settle local government issues, membership issues. This bill would reward local governments for planning.

{Tape : 1; Side : B; Approx. Time Counter : 31.5 - 33.2}

EXECUTIVE ACTION ON HJR 6

ADJOURNMENT

Adjournment: 5:39 P.M.

SEN. BOB DEPRATU, Chairman

DEB THOMPSON, Secretary

BD/DT

EXHIBIT (joh08aad)